

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

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Ratesetting

TO PARTIES OF RECORD IN RULEMAKING 14-07-002 and APPLICATION 16-07-015:

This is the proposed decision of Administrative Law Judges Kao and McKenzie. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's April 25, 2019, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4)(B).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:jt2

Attachment

Decision **PROPOSED DECISION OF ALJs KAO AND McKENZIE**  
**(Mailed 3/26/2019)**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop a  
Successor to Existing Net Energy Metering  
Tariffs Pursuant to Public Utilities Code  
Section 2827.1, and to Address Other Issues  
Related to Net Energy Metering.

Rulemaking 14-07-002

And Related Matter.

Application 16-07-015

**DECISION RESOLVING APPLICATION FOR REHEARING AND MODIFYING  
DECISION 16-01-044 REGARDING ASSESSMENT OF NONBYPASSABLE  
CHARGES UNDER NET ENERGY METERING SUCCESSOR TARIFFS****Summary**

This decision resolves an application for rehearing filed by San Diego Gas & Electric Company, Southern California Edison Company and Natural Resources Defense Council, over how best to interpret Decision 16-01-044 regarding assessment of nonbypassable charges under net energy metering successor tariffs. The decision clarifies the determination in Resolution E-4792 that nonbypassable charges shall be assessed on the net kilowatt-hours consumed in each metered interval, and not on the basis of instantaneous netting, under the net energy metering successor tariff. The decision makes conforming modifications to Decision 16-01-044 pursuant to its clarification of Resolution E-4792.

This consolidated proceeding remains open.

## **1. Background**

In January 2016 the Commission adopted Decision (D.) 16-01-044, setting the requirements for net energy metering (NEM) successor tariffs to be established by the large electric investor owned utilities (IOUs). Among other things, D.16-01-044 requires customers taking service under a NEM successor tariff to pay nonbypassable charges “on the customer’s total consumption from the grid in each metered interval,”<sup>1</sup> or “in each metered interval for each kilowatt-hour of electricity they consume from the grid.”<sup>2</sup> The original NEM tariff specified that customers pay nonbypassable charges on their net consumption within each billing period (approximately monthly), as opposed to within each metered interval (i.e., 15 minutes for most non-residential customers and hourly for most residential customers) or a similarly shorter duration.

In August 2016 each of the large electric IOUs – Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) – submitted an advice letter to establish a NEM successor tariff pursuant to D.16-01-044. SCE’s advice letter proposed to assess nonbypassable charges in each metered interval based on the kilowatt-hour (kWh) imports of electricity that are registered on one channel of a two-channel meter, explaining that the first channel registers the customer’s kWh imports (i.e., onsite consumption minus onsite generation) and the second

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<sup>1</sup> Rulemaking 14-07-002 *Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering*, issued July 17, 2014. D.16-01-044 *Decision Adopting Successor to Net Energy Metering Tariff*, issued February 5, 2016, Finding of Fact 43.

<sup>2</sup> D.16-01-044, Conclusion of Law 4.

channel registers the amount of kWh that is produced by the customer's generating facility and exported to the grid (i.e., onsite generation minus onsite consumption).<sup>3</sup>

PG&E's advice letter specifies that nonbypassable charges "will be charged 'on each kWh of electricity they [the NEM customers] consume from the grid'...These [nonbypassable] charges will not be offset by credits from exported generation."<sup>4</sup> Similarly, SDG&E's advice letter states "[n]onbypassable charges shall be billed based on the total energy delivered by the Utility over the course of the 12-month period and cannot be offset by generation credits," indicating (similar to SCE) nonbypassable charges would be based on energy registered in "channel 1."<sup>5</sup>

Although not explicitly stated, each electric IOU's advice letter indicates an interpretation of D.16-01-044 that nonbypassable charges should be assessed based on instantaneous netting, i.e., a registering of net energy usage from one instant to the next, and not based on netting energy usage over a 15-minute or hourly interval.

Registering net usage and net exports instantaneously allows for a more accurate accounting of customers' total consumption from the grid.<sup>6</sup> Consider

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<sup>3</sup> SCE Advice Letter (AL) 3371-E, at 4-6. See table at 5, column titled "NBC Line Item Based on Channel 1 kWh."

<sup>4</sup> PG&E AL 4802-E, at 5 and Special Condition 2.c. of proposed Electric Schedule NEM2.

<sup>5</sup> SDG&E AL 2860-E, Special Condition 3 of proposed Schedule NEM-ST. See also SDG&E AL 2860-E-A, at 1-2.

<sup>6</sup> Footnote 5 of California Solar & Storage Association (CALSSA) and Solar Energy Industries Association's (SEIA) opening brief is instructive on this point: "While the IOUs' proposed methodology would not result in the netting of Channel 2 exports against Channel 1 imports, netting would still occur. Despite the picture painted by the IOUs, there are not two separate

*Footnote continued on next page*

for example that, during one second, a customer could have a net import of one kilowatt-second because a cloud was passing over the customer's solar panels. The next second, the customer could have a net export of one kilowatt-second because the cloud had passed and the solar panels generated more energy than the customer used. If the utility can only measure net usage over those two seconds, and not every second, we would conclude for measurement and billing purposes that the customer did not consume energy from the grid. If, however, the utility can measure net usage each second, we would instead conclude the customer had a net import of one kilowatt-second and, separately, a net export of one kilowatt-second. Second-by-second, or instantaneous, measurement enables a more accurate tally of the amount of net imports and net exports over a given time period. Just as netting over an entire billing period (i.e., approximately one month) can significantly distort the amount of onsite energy usage that is offset by onsite generation from hour to hour, a similar distortion occurs albeit to a lesser extent when comparing net usage over one hour (or fifteen minutes) with net usage from one instant to the next.

In disposing of the electric IOUs' advice letters, Resolution E-4792 states:

The IOUs' interpretation of the Decision [D.16-01-044]'s directive regarding calculation of NBCs [nonbypassable charges] focuses on the language stating that customers should "pay nonbypassable charges on each kWh of electricity they consume from the grid."

The full Decision directive, however, is "pay nonbypassable charges

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streams of electrons, one going in and one going out of the customer's premises, that are physically separated and recorded separately on the two channels. There is just one stream of electrons, which, in any instant, is either flowing into or out of the solar customer's premises. Accordingly, the Channel 1 / Channel 2 construct is same as netting within a very small interval ('instantaneously'), with net inflows tallied on Channel 1 and net outflows on Channel 2."

on each kWh of electricity they consume from the grid in each metered interval.” [Footnote omitted.] The length of a metered interval is only relevant if the NBC calculation is based on the kWh netted within each time interval. By basing the calculation of NBCs on “Channel 1” imports, the phrase “in each metered interval” is rendered meaningless. Under the existing NEM tariff, kWhs are netted on a monthly basis. The Decision directs NBCs to instead be assessed based on the metered interval.

Resolution E-4792 thus directs the electric IOUs to assess nonbypassable charges “only on the kilowatt hours consumed in each metered interval net of exports under the NEM successor tariff.”<sup>7</sup>

On July 25, 2016, SDG&E, SCE and the Natural Resources Defense Council (together, Joint Applicants) jointly filed an application for rehearing of Resolution E-4792, asserting the resolution “violates the plain language and intent” of D.16-01-044.<sup>8</sup>

On August 9, 2016, CALSSA<sup>9</sup> and SEIA jointly filed a response to the application for rehearing, asserting “the Resolution correctly gives effect to both the language and intent of the Decision regarding the assessment of NBCs and the adopted methodology is consistent with applicable law.”<sup>10</sup>

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<sup>7</sup> Resolution E-4792, Ordering Paragraph 8.

<sup>8</sup> Application (A.) 16-07-015 *Application of Southern California Edison Company (U 338-E), San Diego Gas & Electric Company (U 902-E) and the Natural Resources Defense Council for Rehearing of Resolution E-4792*, filed July 25, 2016 (Application), at 4.

<sup>9</sup> On February 7, 2018, the California Solar & Storage Association filed a notice of name change from California Solar Energy Industries Association to California Solar & Storage Association, or CALSSA.

<sup>10</sup> A.16-07-015 *Response of the Solar Energy Industries Association and the California Solar Energy Industries Association to Application of Southern California Edison Company, San Diego Gas & Electric Company and the Natural Resources Defense Council for Rehearing of Resolution E-4792*, filed August 9, 2016, at 2.

On May 25, 2017, the Commission adopted D.17-05-034, granting limited rehearing of Resolution E-4792. D.17-05-034 states:

It has now become clear that interpreting this language requires more analysis than we were able to give this question in Res. E-4792. This presents us with an unusual problem. As discussed above, review of the Rehearing Application's claims leads us to believe that D.16-01-044 lawfully could have required netting in the metered interval. However, review of the Rehearing Application's remaining claims convinces us that the question of whether, by referring to the 'metered interval,' D.16-01-044 required NBCs to be calculated on net consumption in that interval is more complex than the matters we normally address in a resolution. The review of advice letters and their adoption by resolution is an informal process designed to be 'quick and simplified' and to address questions that 'are expected neither to be controversial nor to raise important policy questions.' (General Order 96-B, §5.1.) [footnote omitted] We will therefore grant limited rehearing of Res. E-4792 to address in a formal proceeding the discrete question of how the language referring to the metering (sic) interval should be implemented in the Utilities' NEM successor tariffs.<sup>11</sup>

Although D.17-05-034 referred to netting as if opposed to measuring gross energy usage, the utilities do not in fact measure gross energy usage or gross onsite production.<sup>12</sup> Rather, as previously described, the utilities measure net imports (when onsite generation is less than onsite usage) on one channel and net exports (when onsite generation is greater than onsite usage) on a second channel, from one instant to the next.

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<sup>11</sup> D.17-05-034 *Order Granting Limited Rehearing of Resolution E-4792*, issued May 26, 2017, at 8.

<sup>12</sup> See, e.g., SCE's AL 3371-E at 5: "total generation of the customer's generating facility is not measured by this SCE revenue meter."

The Scoping Memo, issued January 22, 2018, confirmed the scope of A.16-07-015 is limited to determining how best to interpret D.16-01-044 and what, if any, modifications to D.16-01-044 are necessary as a result of our determination on the best interpretation of D.16-01-044. Opening briefs were filed on June 15, 2018 and reply briefs were filed on June 29, 2018.

On March 20, 2019, the assigned Administrative Law Judges (ALJs) issued a ruling consolidating A.16-07-015 with Rulemaking 14-07-002 to consider related questions of law or fact.

## **2. Issues Before the Commission**

The issues before us are how best to interpret D.16-01-044 with respect to calculation of nonbypassable charges under the NEM successor tariffs, and whether to modify D.16-01-044 in order to clarify our determination of the best interpretation of D.16-01-044.

## **3. Positions of the Parties**

In their briefs, the Joint Applicants maintain the Commission clearly intended, in D.16-01-044, for nonbypassable charges to be assessed on the basis of “all energy consumed from the grid,” in contrast to the existing NEM tariff, which assessed nonbypassable charges on the basis of the “netted-out volume of electricity consumed from the grid.”<sup>13</sup> In furtherance of their position, the Joint Applicants claim D.17-05-034 “acknowledged that Resolution E-4792’s finding of an ‘implicit’ netting requirement was inconsistent with the Decision’s language that NBCs should be calculated based on ‘total consumption.’”<sup>14</sup> With respect to

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<sup>13</sup> *Joint Applicants’ Opening Brief*, filed June 15, 2018 (Joint Applicants Brief), at 3.

<sup>14</sup> Joint Applicants Brief, at 3, referring to D.17-05-034, at 7-8.



inclusion of the clause “in each metered interval,” the Joint Applicants assert the inclusion of this clause was incidental, “a result of cautious drafting,” identifying several parts of D.16-01-044 in which this clause was omitted, to advance their position.<sup>15</sup> The Joint Applicants also point to various parties’ comments on the version of the proposed decision that the Commission ultimately adopted, asserting those comments indicate a common understanding that the Commission intended to “eliminate all netting from the calculation of” nonbypassable charges.<sup>16</sup> Finally, the Joint Applicants point out that no party advocated to assess nonbypassable charges on the basis of net usage. CALSSA and SEIA challenge this last argument, noting that each of their proposals for the NEM successor tariff included a scenario in which nonbypassable charges would be based on “net consumption within intervals rather than assessing them according to monthly net consumption.”<sup>17</sup> In response, the Joint Applicants assert “[i]t is not relevant that SEIA/CALSSA proposed Nonbypassable Charges (NBCs) options in their proposals. At issue is what the Commission decided after considering all parties’ proposals, as plainly reflected in the straightforward Decision language.”<sup>18</sup>

CALSSA and SEIA also point to some of the same passages of D.16-01-044 as the Joint Applicants, but with particular emphasis on the portions that the

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<sup>15</sup> Joint Applicants Brief, at 5-6.

<sup>16</sup> Joint Applicants Brief, at 3.

<sup>17</sup> *Brief of the Solar Energy Industries Association and the California Solar & Storage Association on Issues in Scope of Application for Rehearing*, filed June 15, 2018 (CALSSA and SEIA Brief), at 7-8.

<sup>18</sup> *Reply Brief of Southern California Edison Company (U 338-E), San Diego Gas & Electric Company (U 902-E) and the Natural Resources Defense Council on Issues in Scope of Application for Rehearing*, filed June 29, 2018, at 2.

Joint Applicants either deemphasize or interpret in a manner that aligns with their position, for instance:

D.16-01-044, at 2-3, states:

In this Decision, the Commission . . . [c]ontinues the basic features of the current NEM tariff into the successor NEM tariff, but makes changes that . . . [r]equire customers on the NEM successor tariff to pay nonbypassable charges that are levied on each kilowatt-hour (kWh) of electricity the customer obtains from the IOU in each metered time interval, regardless of the monthly netting of the kWh obtained from the IOU and exported to the grid by the customer.<sup>19</sup>

With respect to the above excerpt, CALSSA and SEIA emphasize the fact that the original NEM tariff provided for netting on a monthly basis, and thus the significant change provided by D.16-01-044 is from netting on a monthly basis to netting in each metered interval. In contrast, the Joint Applicants emphasize “each kilowatt-hour (kWh) of electricity” to argue the Commission “intended to eliminate netting” of consumption for nonbypassable charges under the NEM successor tariff.<sup>20</sup>

As another example, D.16-01-044, at 86, states:

We therefore choose to continue the basic NEM structure, while aligning the responsibilities of NEM customers more closely with those of other customers in their customer class. ... As the NEM successor tariff program continues in the future, it should move the economic contribution of NEM customers toward being more consistent with the contribution of other customers.<sup>21</sup>

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<sup>19</sup> Joint Applicants Brief, at 5; and CALSSA and SEIA Brief, at 4-5.

<sup>20</sup> Joint Applicants Brief, at 11.

<sup>21</sup> Joint Applicants Brief, at 5-6; and CALSSA and SEIA Brief, at 4 and footnote 9.

Here again, CALSSA and SEIA emphasize “more closely” and “more consistent,” as opposed to exactly the same as nonparticipants, to support their position that D.16-01-044 provides for netting in each metered interval. In contrast, the Joint Applicants assert “collection of NBCs based on net consumption does not ‘more closely’ align a successor tariff customer’s payment of NBCs with that of non-participants. Rather, it maintains the status quo, which is what D.16-01-044 expressly did not intended (sic).”<sup>22</sup>

In essence, the Joint Applicants utilize the portions of D.16-01-044 that support their position, and CALSSA and SEIA do the same, often referring to the same portions of D.16-01-044 as the Joint Applicants.

#### **4. Clarification of Dispute**

Throughout this proceeding, parties’ use of the term “netting,” as if in opposition to no netting, clouded the fundamental nature of the dispute, which is whether D.16-01-044 directed a change in the assessment of nonbypassable charges from monthly netting to netting in each metered interval (i.e., 15 minutes or one hour), or to instantaneous netting as indicated in the electric IOUs’ advice letters. We make this clarification here to establish a common understanding of the issue and of our resolution of the issue.

#### **5. Determination of what D.16-01-044 Requires Regarding Calculation of Nonbypassable Charges**

There is support for either interpretation advanced by the parties.

Because, as explained in D.17-05-034 and again in Section 3 of this decision, D.16-01-044 was ambiguous as to what the Commission intended, both

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<sup>22</sup> Joint Applicants Reply Brief, at 5.

the Joint Applicants on the one hand and CALSSA and SEIA on the other are able to (and do indeed) utilize and emphasize different portions of D.16-01-044 to support the positions they recommend the Commission adopt in this proceeding. CALSSA and SEIA omit certain words from phrases that counter their position, and the Joint Parties assert the words/phrases that counter their own position are superfluous. On this point, the Joint Applicants mischaracterize D.17-05-034 when they state “[t]he Rehearing Order acknowledged that Resolution E-4792’s finding of an ‘implicit’ netting requirement was inconsistent with the Decision’s language that NBCs should be calculated based on ‘total consumption.’”<sup>23</sup>

D.17-05-034 concluded that “review of the Rehearing Application’s claims leads us to believe that D.16-01-044 lawfully could have required netting in the metered interval. However, review of the Rehearing Application’s remaining claims convinces us that the question of whether, by referring to the ‘metered interval,’ D.16-01-044 required NBCs to be calculated on net consumption in that interval is more complex than the matters we normally address in a resolution.”<sup>24</sup>

We confirm that “in each metered interval” was not merely incidental or a result of cautious drafting. We agree with CALSSA and SEIA that “there is no record support for the Joint Applicants’ position that nonbypassable charges should be based on the net inflows tallied on the Channel 1 meter. No such sensitivity analysis was performed on the record, and the Public Tool did not use data based on the ‘instantaneous’ netting that is used on Channel 1. There is simply no basis in the record to adopt the ‘instantaneous’ netting interval that

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<sup>23</sup> Joint Applicants Brief, at 3, referring to D.17-05-034, at 7-8.

<sup>24</sup> D.17-05-034, at 8.

the IOUs request.”<sup>25</sup> The Joint Applicants do not deny or otherwise counter this point in their reply brief, and we do not find support for “instantaneous” netting in parties’ NEM successor tariff proposals. Further, as explained in Resolution E-4792, “[t]he length of a metered interval is only relevant if the NBC calculation is based on the kWh netted within each time interval.” The Commission included “in each metered interval” for the purpose of directing the electric IOUs to assess nonbypassable charges based on customers’ net consumption, i.e., total onsite energy usage after accounting for onsite generation, in each metered interval. Based on this intent, “total consumption from the grid in each metered interval” and “each kWh of electricity [customers] consume from the grid” equate to customers’ net consumption in each metered interval.

D.16-01-044 adopted several requirements for the NEM successor tariff that, taken together, had compounding bill impacts in relation to the original NEM tariff. With respect to the calculation of nonbypassable charges, the pivotal change was to shorten the duration over which imports and exports should be netted, from monthly to “in each metered interval.” D.16-01-044 was ambiguous on this point, as D.17-05-034 acknowledged. For instance, the following statement is imprecise with respect to the effect of our determination to transition from monthly netting to netting in each metered interval:

NEM successor tariff customers must pay nonbypassable charges on each kWh of electricity they consume from the grid in each metered interval. This will eliminate the reduction in available kWh on which to pay the nonbypassable charges that now occurs when such charges are assessed only on the netted-out volume of electricity consumed from the grid, by mandating payment of nonbypassable

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<sup>25</sup> CALSSA and SEIA Brief, at 8.

charges on the full amount of electricity the NEM successor tariff customer receives from the grid, as with other customers.

The effect of our determination in D.16-01-044, to transition from monthly netting to netting in each metered interval, is not to “eliminate the reduction in available kWh,” but to significantly increase the amount of available kWh on which to pay the nonbypassable charges, relative to when such charges were assessed only on the monthly netted-out volume of electricity consumed from the grid. Because of this and similar ambiguities, we propose modify D.16-01-044 in the following section.

**6. Adopted Modifications to D.16-01-044 to Comport with Commission Intent**

This decision modifies D.16-01-044 to comport with Commission intent, as follows, with additions in italics and deletions in strikeout:

Page 3:

Require customers on the NEM successor tariff to pay nonbypassable charges that are levied on ~~each~~ *the net* kilowatt-hour (kWh) *consumption* of electricity ~~the customer obtains~~ from the IOU in each metered time interval, regardless of the monthly netting of the kWh obtained from the IOU and exported to the grid by the customer.

Page 86:

In this NEM successor tariff, that is expressed in three forms: paying interconnection fees; paying the nonbypassable charges identified by this decision ~~for all energy consumed from the grid~~ and using the default residential TOU rate, or using any other available TOU rate.

Page 89:

NEM successor tariff customers must pay nonbypassable charges on ~~each~~ *the net* kWh of electricity they consume from the grid in each metered interval. This will ~~eliminate~~ *diminish* the reduction in

available kWh on which to pay the nonbypassable charges that now occurs when such charges are assessed only on the *monthly* netted-out volume of electricity consumed from the grid, by mandating payment of nonbypassable charges on the full amount of electricity the NEM successor tariff customer receives from the grid *in each metered interval*, as with other customers.

Pages 90-91:

Changing the NEM tariff regime so that NEM successor customers must pay NEM successor tariff nonbypassable charges on ~~each~~ *the net* kWh of electricity they consume from the grid in each metered interval will recover costs that all customers pay in a fairer and more transparent way than under the current NEM tariff.

Finding of Fact 32:

Continuing net energy metering with NEM successor tariff customers paying reasonable charges for interconnection and paying nonbypassable charges for ~~all~~ *the net kWh* of electricity consumed from the grid *in each metered interval*, as well as being on an applicable TOU rate, is likely to allow customer-sited renewable DG to continue to grow sustainably.

Finding of Fact 40:

Continuing net energy metering with NEM successor tariff customers paying charges for interconnection and nonbypassable charges for ~~all~~ *the net kWh* of electricity consumed from the grid *in each metered interval*, as well as being on an applicable TOU rate, will provide electric service to customers on the NEM successor tariff at just and reasonable rates.

Finding of Fact 43:

It is reasonable for a NEM successor tariff customer to pay the nonbypassable charges identified in this decision on the customer's ~~total~~ *net* consumption from the grid in each metered interval.

**Conclusion of Law 4:**

In order to better align the responsibilities of customers under the NEM successor tariff with the responsibilities of other customers in the same customer class, customers on the NEM successor tariff should pay all nonbypassable charges identified in this decision ~~in each metered interval~~ for ~~each~~ *the net* kWh of electricity they consume from the grid *in each metered interval*.

**7. Comments on Proposed Decision**

The proposed decision of ALJs Kao and McKenzie in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

**8. Assignment of Proceeding**

Martha Guzman Aceves is the assigned Commissioner and Valerie U. Kao and Mary F. McKenzie are the assigned ALJs in this proceeding.

**Findings of Fact**

1. Resolution E-4792 determined that the length of a metered interval is only relevant if the calculation of nonbypassable charges is based on the kWh netted within each time interval.
2. D.16-01-044 is ambiguous with respect to language regarding the calculation of nonbypassable charges under the NEM successor tariff.
3. CALSSA and SEIA's NEM successor tariff proposals both include a scenario in which nonbypassable charges would be based on net consumption within intervals rather than assessing them according to monthly net consumption.



4. Parties' NEM successor tariff proposals do not support the Joint Applicants' position that nonbypassable charges should be based on the net inflows tallied on the Channel 1 meter.

### **Conclusions of Law**

1. The Commission included "in each metered interval" for the purpose of directing the electric IOUs to assess nonbypassable charges based on customers' net consumption, i.e., total onsite energy usage after accounting for onsite generation, in each metered interval.

2. We should clarify the determination in Resolution E-4792 that the length of a metered interval is only relevant if the calculation of nonbypassable charges is based on the kWh netted within each time interval.

3. D.16-01-044 should be modified as reflected in Section 6 of this decision.

## **O R D E R**

### **IT IS ORDERED** that:

1. Nonbypassable charges shall be assessed only on the kilowatt-hours consumed in each metered interval net of exports under the net energy metering successor tariff.

2. Decision 16-01-044 is modified as reflected in Section 6 of this decision.

3. Rulemaking 14-07-002 and Application 16-07-015 remain open.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.